



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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June 11, 2003

Allen Randle
MolyCorp, Inc.
P.O. Box 469
Questa, New Mexico 87556

Re: Five-Year Review of Reclamation Surety Estimate, MolyCorp, Inc., Small Fry Mine, M/037/022, San Juan County, Utah

Dear Mr. Randle:

Thank you for providing the requested information regarding the five-year review status of your Small Fry Mine, located in San Juan County, Utah. The last surety estimate for this mine was \$3,800 in 1998 dollars.

The information furnished by Mr. Dick Brammer of UNOCAL, received on July 22, 2001, indicated that MolyCorp was planning to initiate reclamation of the site later in the year. The review of the existing bond for the purpose of escalating the present amount for an additional five years was delayed until the reclamation was completed.

Reclamation of the site was completed in March of this year with final ripping and seeding. The Division visited the site several times during the reclamation of the site to monitor the reclamation activities. We appreciate the cooperation provided by Mr. Brammer in keeping us informed of the progress of the work at the site.

The surety for the Small Fry Mine has been recalculated and escalated to the year 2006. Because the reclamation is completed, the only surety now required is for revegetation success (normally for three years). A surety estimate totals \$3,800, which will be required until the site attains revegetation success and full release can be made. A copy of the Surety Estimate Update is attached for your use. Because the amount of the surety has not changed, no action will be required by MolyCorp.

Thank you for completing the reclamation work and your help in keeping the surety current. If you have any questions concerning this letter, please contact Doug Jensen at (801) 538-5382.

Sincerely,

D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

jb

Attachment: Surety estimate update

cc: Denice Swanke, BLM, Moab FO
Doug Jensen, DOGM

O:\M037-San Juan\M0370022-Small Fry\bond\06102003bond-escal.doc

Utah!
Where ideas connect

RECLAMATION SURETY ESTIMATE						
MolyCorp	last revision		06/10/03			
Small Fry Mine	filename M037-022.WB2		page "estimate D8"			
DOGM File Number M/037/022	San Juan County					
Prepared by Utah State Division of Oil, Gas & Mining						
-This site was reclaimed April thru May 2002. Final seeding took place Mar, 2003						
-In addition to the mine adit, five other excavations were made in the terrace near the adit.						
-All these openings were closed during the reclamation of the site.						
-Bond amounts for road and surface reclamation is released, surety held for revegetation success only.						
Note: actual unit costs may vary according to site conditions					last unit cost update	10/07/02
-Amount of disturbed area which will receive reclamation treatments =					6 acres	
-Estimated total disturbed area for this mine =					6 acres	
Activity	Quantity	Units	\$/unit	\$	Note	
Ripping areas prior to seeding	3 acre		246	738	(9)	
Broadcast seeding	6 acre		240	1440	(00)	
Equipment mobilization	1 equip		1000	1000	(00)	
	Subtotal			3178		
10% Contingency				318		
	Subtotal			3496		
Escalate for 3 years at 2.89% per year				312		
	Total			3808		
Rounded surety amount in year 2006 \$					3800	
Average cost per disturber acre =					635	

(9)	Means 2002 & Blue Book 3Q/02: Cat D8R, U, multi shank rippers, speed 1.0 mph
(00)	DOGM general estimate - broadcast seeding
(00)	DOGM general estimate - site cleanup & trash removal
(00)	DOGM general estimate - equipment mobilization